



DEFENSE FINANCE AND ACCOUNTING SERVICE

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OCT 17 1995

DFAS-HQ/F

**MEMORANDUM FOR DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE
- CLEVELAND CENTER
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE
- DENVER CENTER**

**SUBJECT: Department of Defense Financial Management Regulation
Volume 7, Part B (DoDFMR Vol 7B) Proposed Change for
Retired Grade Under Tower Amendment (DFAS Item # E-5)**

This is an Interim Change Number R7 - 95 to the DoDFMR, Volume 7B. This change is effective immediately.

We have evaluated your comments on the draft change to the DoDFMR, Volume 7B. The attached final version of the change includes your comments where appropriate. Assignment of an interim change number is your authority to initiate a procedural modification to facilitate this change.

We have determined that this policy change does not require a change to the current pay system. For the Denver Center, use the attached to initiate the formal printed change to the DoDFMR.

Our point of contact, Mr. Fiti Malufau, may be contacted at DSN 327-5061 or Commercial (703) 607-5061. Our Fax number is DSN 332-5271 or Commercial: (703) 602-5271.

for Steven D. Harris
Roger W. Searce
Brigadier General, USA
Deputy Director for Finance

Attachment:
As stated

cc: ASD (FMP)
DGC (F)
DFAS-DE/DG
DFAS-IN
DFAS-KC/FSP
Service Liaisons
USCG/NOAA PHS Liaisons

DFAS Item # E-5

1. Change paragraph 10321, Section C, Tower Amendment, to read:

"10321. Basic Provisions

a. A member who retires or transfers to the Fleet Reserve/Fleet Marine Corps Reserve 1 Jan 1971, and thereafter, who fully qualifies for retirement on a date earlier than the actual retirement date, receives the most favorable rate of pay as though the member had actually retired or been transferred on the earlier date:

(1) After becoming retirement-eligible on or after 1 Jan 1971 (see Chapter 1, Section A, Creditable Service for Retirement);

(2) Based upon the grade and the service creditable on the earlier computation date (for retirements on or after 5 Oct 1994, the grade used in the computation cannot be higher than the grade in which the member is retired); and

(3) Subject to the provisions of paragraph 10313.

b. A member who retires or transfers to the Fleet Reserve/Fleet Marine Corps Reserve before 7 Oct 1975, the effective date of the Tower Amendment, is entitled to pay adjusted from 7 Oct 1975. No adjustment is authorized under provisions of the amendment for any period before 7 Oct 1975.

c. A member who retires 1 October 1988 - 4 Oct 1994 and who is reduced in grade under sentence of court-martial after initially becoming eligible for retired pay is not entitled to computation on a grade higher than the grade in which retired.

d. An officer who serves as:

- Staff,
- (1) Chairman or Vice Chairman of the Joint Chiefs of
 - (2) Chief of Staff of the Air Force,
 - (3) Chief of Staff of the Army,
 - (4) Commandant of the Marine Corps,
 - (5) Chief of Naval Operations, or
 - (6) Commandant of the Coast Guard,

may receive retired pay computed on the highest rate of basic pay applicable to the member while serving in that position if that rate is higher than the rate otherwise authorized for computing retired pay.

e. A senior enlisted member of an armed force who serves as:

- (1) Sergeant Major of the Army
- (2) Sergeant Major of the Marine Corps,
- (3) Master Chief Petty Officer of the Navy,
- (4) Chief Master Sergeant of the Air Force, or
- (5) Master Chief Petty Officer of the Coast Guard,

may receive retired pay computed on the highest rate of basic pay applicable to the member while serving in that position if that rate is higher than the rate otherwise authorized for computing retired pay."

2. Change paragraph 10343a, line 1, under Section E, Special Provisions to read:

"a. Officers who served as Chairman or Vice Chairman of the"

3. Change paragraph 10344, under Section E, Special Provisions to read:

"10344. Enlisted Members Serving in Special Positions

Enlisted members who served in the positions in paragraph 10321e may receive retired pay computed on the highest rate of basic pay applicable while serving in the special position."

4 Change paragraph 20403i to read:

"i. Tower Amendment. Public Law 94-106, 7 Oct 1975, by adding subparagraph (f) to 10 U.S.C. 1401a, provides another method to partially offset the effect of "pay inversion." This method involves computing pay based on any previous basic pay rates, on and after 1 Jan 1971, plus COLADJ, if the member was eligible for retirement at the time those rates were in effect. The computation is restricted to the pay grade and years of service at that earlier time (on retirements 5 Oct 1994 or later, computation may not be based on a grade higher than that held at time of retirement). The statute applies to all members retired on or after 1 Jan 1971. However, there are no retroactive pay adjustments for the period before 7 Oct 1975. A member who is recalled to active duty after retirement is not entitled to recomputation of retired pay under the Tower Amendment upon release from that active duty. Pay recomputation upon that release is restricted to the methods of 10 U.S.C. 1402 covered in Part 2, Chapter 3. The Tower Amendment did not repeal or modify these provisions."

5. Change the bibliography to read:

Paragraph

Citation

10321a (add)

Public Law 103-337, 5 Oct 1994,
Sec. 633

10321d, e (new)

10 U.S.C. 1406(i)

10344 (add)

37 U.S.C. 210

20403i (add)

Public Law 103-337, 5 Oct 1994,
Sec. 633